

Management of human capital flow

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Abstract:

Algeria is considered as a big source of talents that we should handle, We can manage the flow of human capital by using two basic methods, the macro level Through State intervention, and the micro level through the efforts of institutions.

The macro level requires a policy setting by governments that aim to manage the human resources which include various talents, competencies and skills.

The micro level requires a policy setting by institutions that aim to maintain and develop workers.

Keywords: human capital, human capital flow.

الملخص:

تعتبر الجزائر موردا كبيرا للمواهب التي يجب الاعتناء بها، ولذلك يمكننا إدارة تدفق رأس المال البشري من خلال اتباع طريقتين أساسيتين، على المستوى الكلي من خلال تدخل الدولة، وعلى المستوى الجزئي عن طريق الجهود المبذولة من قبل المؤسسات.

إن المستوى الكلي يتطلب سياسة موضوعة من طرف الحكومات التي تهدف إلى تسيير الموارد البشرية التي تتميز بمختلف المواهب والكفاءات والمهارات.

أما المستوى الجزئي فيتطلب سياسة موضوعة من قبل المؤسسات التي تهدف إلى الحفاظ وتطوير العمال.

الكلمات المفتاحية: رأس المال البشري، تدفق رأس المال البشري.

Introduction:

Every country in the world has a certain amount of knowledge, skills and competencies, But each one of them differs in the way they treat this wealth, ,that's why we see developed countries and developing countries.

Problematic :In order to be able to optimize the use of human resources, governments and institutions must work hard to ensure the effectiveness

of human capital performance inside and outside enterprises, so we ask the following main question:

How can we manage the human capital flow?

From this main question we ask a **sub-questions**:

How can we manage the human capital at the macro level?

How can we manage the human capital at the micro level?

Importance of the research:

Importance of this research is knowing the operations that we need to incorporate to improve the human capital.

Research goals:

This research aimed to:

Highlighting the need to manage human capital in organizations .

Identifying the human capital processes

Structure of the research:

The resource includes three main axes:

Human capital idiom

Managing human capital at the macro level

Managing human capital at the micro level

First. Human capital idiom

1-the definition of human capital: Human capital is defined as “the skills the labor force possesses and is regarded as a resource or asset, It encompasses the notion that there are investments in people (education, training, health) and that these investments increase an individual’s ¹

2-history of human capital: The earliest formal use of the term “human capital” in economics is probably by Irving Fisher in 1897, It became considerably more popular after Jacob Mincer’s 1958 Journal of Political Economy article “Investment in Human Capital and Personal Income Distribution”², then it emerged in 1961 by Theodore Schultz who noted in his American Economic Association presidential address the big importance of investing in human capital, then in Gary Becker’s Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education, published in 1964,³ But the concept of human capital goes back at least to Adam Smith, In 1776 in his definition of capital he noted the value of talents , and education, study, or apprenticeship, costs a real expense, which is capital in [a] person. Those talents [are] part of his fortune [and] likewise that of society.⁴

3-the definition of managing human capital flow : Managing human capital flow is the process of attaining and developing and maintain our

skills, talents, and capacities to achieve our goals represented in the growth of institutions and the well-being of nations, because human capital is defined in the Oxford English Dictionary as “the skills the labor force possesses and is regarded as a resource or asset.” It encompasses the notion that there are investments in people (education, training, health...) and that these investments increase an individual’s productivity.⁵

The role of human capital : Human capital contributes to

-Economic growth : Agents have control over two variables: the level of consumption, and the allocation of time between work and skill acquisition.

- The acquisition of skills may in fact facilitate or prepare learning.⁶

-One example of positive human capital externalities may be social benefits such as crime reduction.⁷

- a large portion of inventions is the result of purposeful research and development (R&D) activities carried out in reaction to economic incentives.⁸

- people’s educational attainment may have a significant influence on their ability to adapt to change and introduce new technologies.⁹

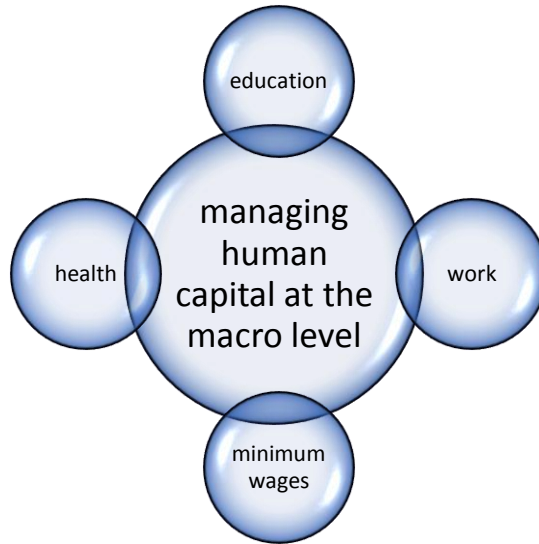
-human capital can improve performance in organizations.

-human capital can change individual behaviors in a better way.

-human capital Strengthens relationships between persons.

-human capital allow for the kind of knowledge spillovers which are essential for sustained growth.¹⁰

Second. Managing human capital at the macro level: To manage and control the human capital we must implement processes in the following model:



To help societies to grow we must develop different sectors :

1-education: While linkages among population, education has long been recognized, in the decades following the Second World War, education was a high priority for many Governments, and educational systems underwent a rapid expansion, At the household level, research has established that education boosts individual incomes in a wide variety of settings, although the size of the return varies over time and place.¹¹

2-health: The World Health Organization (WHO) defined health as "a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity"¹², that make people more able to work and study to be more useful to their communities.

3- minimum wage: The minimum wage can be defined as the minimum sum payable to a worker for work performed or services rendered, within a given period, whether calculated on the basis of time or output, which may not be reduced either by individual or collective agreement, which is guaranteed by law and which may be fixed in such a way as to cover the minimum needs of the worker and his or her family, in the light of national economic and social conditions.¹³

4-employment: Persons cannot get paid without work, so governments must offer them the job they need each according to his specialty, when we give jobs and missions to people that reduce the possibility of bad

behaviors and increases the belonging of workers to the work in their country.

To insure the good manage of human capital we must invest in these sectors to avoid the following problems:

- brain drain: because individuals always search for countries that give them more tangible and moral appreciation.
- The spread of crime due to vacuum
- Lack of loyalty to the homeland
- Low standard of living
- Decreased educational attainment

the following is Human Capital Index 2015 rankings by region:

Asia and the Pacific			Europe and Central Asia			Latin America and the Caribbean		
Rank	Country	Score	Rank	Country	Score	Rank	Country	Score
5	Japan	82.74	1	Finland	85.78	45	Chile	71.80
9	New Zealand	81.84	2	Norway	83.84	47	Uruguay	71.18
13	Australia	80.22	3	Switzerland	83.58	48	Argentina	71.01
24	Singapore	78.15	6	Sweden	82.73	49	Panama	71.01
30	Korea, Rep.	76.84	7	Denmark	82.47	53	Costa Rica	69.75
46	Philippines	71.24	8	Netherlands	82.30	58	Mexico	68.50
51	Mongolia	70.75	10	Belgium	81.12	61	Peru	68.13
52	Malaysia	70.24	11	Austria	81.02	62	Colombia	67.63
57	Thailand	68.78	12	Ireland	80.59	67	Trinidad and Tobago	67.10
59	Vietnam	68.48	14	France	80.15	70	El Salvador	66.89
60	Sri Lanka	68.19	15	Slovenia	79.95	73	Bolivia	66.46
64	China	67.47	16	Estonia	79.88	74	Jamaica	65.95
69	Indonesia	66.99	18	Lithuania	79.33	75	Paraguay	65.68
80	Iran, Islamic Rep.	63.20	19	United Kingdom	79.07	77	Barbados	65.09
87	Bhutan	61.11	20	Iceland	78.86	78	Brazil	64.60

Source: World Economic Forum, The Human Capital Report, Employment, Skills and Human Capital Global Challenge Insight Report, US, 2015, p 16.

In 2015 edition of the Human Capital Index is dominated by European countries, Finland is the best-performing country in the world when it comes to building and leveraging its human capital potential, then Norway, Switzerland, Canada, Japan, Sweden, Denmark, New Zealand, The Netherland, and Belgium.

The other countries :

Middle East and North Africa			North America			Sub-Saharan Africa		
Rank	Country	Score	Rank	Country	Score	Rank	Country	Score
54	United Arab Emirates	69.39	4	Canada	82.88	72	Mauritius	66.66
56	Qatar	69.04	17	United States	79.64	82	Ghana	62.63
76	Jordan	65.59				83	Zambia	62.50
84	Egypt	61.38				88	Botswana	60.81
85	Saudi Arabia	61.38				89	Cameroon	60.75
93	Kuwait	59.31				92	South Africa	60.50
95	Morocco	59.04				94	Namibia	59.09
98	Tunisia	58.21				101	Kenya	57.54
114	Algeria	52.14				102	Uganda	57.34
122	Mauritania	42.29				103	Tanzania	56.56
124	Yemen	40.72				104	Madagascar	56.25
						107	Lesotho	54.74

Source: World Economic Forum, The Human Capital Report, Employment, Skills and Human Capital Global Challenge Insight Report, US, 2015, p 17.

The first Arab country interested in human capital is united Arab emirates, than Qatar, Jordon, Egypt, Saudi Arabia, Kuwait, Morocco, Tunisia, then Algeria in the rank 114.

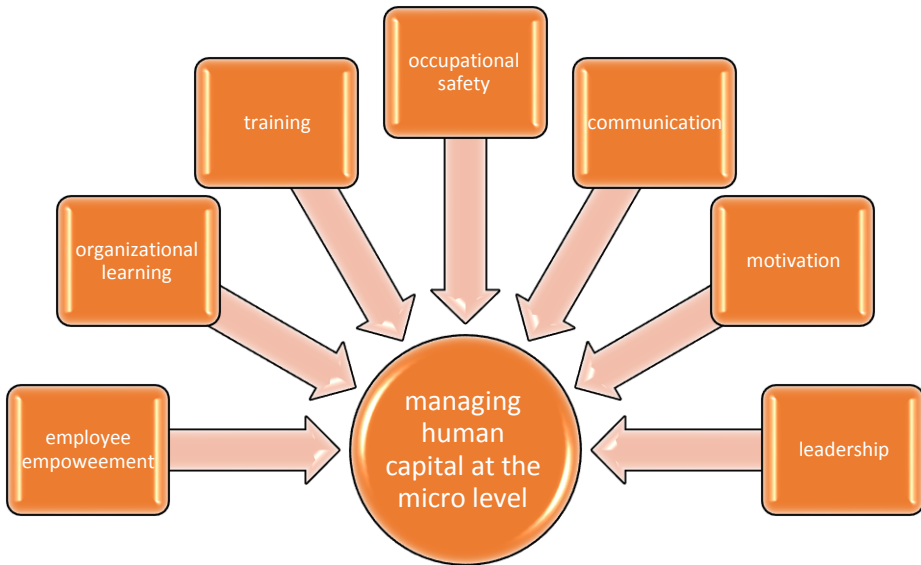
Algeria ranks 114th, meaning it is less interested in human resources

This is due to the following factors:

- considering that individuals are costs not resources.
- Lack of will to improve the human capital.
- Lack of appropriate policies to exploit human resources
- Low quality education
- Low quality of health services
- Low wages
- The unemployment
- Lack of awareness of human importance

Third. Managing human capital at the micro level:

To manage and contrôle the human capital in institutions we must implement processes in the following model:



Source: prepared by authors

Employee empowerment is giving employees a certain degree of autonomy and responsibility for decision-making regarding their specific organizational tasks. It allows decisions to be made at the lower levels of an organization where employees have a unique view of the issues and problems facing the organization at a certain level.¹⁴

To successfully empower employees we must follow these steps:¹⁵

-Provide role information: The management must be define the role and assigns responsibilities, authority, and decision making power to meet company and department goals and also define boundaries to clarify decisions employees will and will not make.

- Share company information: the management share the information relating to organization issues. Explain company vision and values, clarify priorities, share some sensitive information, list facts people have and need, share good and bad information, and view mistakes positively and teach decision-making and problem-solving skills it help people to understand the need for change.

-Provide training to employees: Teach them the basics of cost and revenue. Open financial books and inform employees of the situation so they can feel more related to the company, Let employees decide how to handle clients, and give them discretionary power when deciding what to spend in order to mend a certain problem.

- **Inspire individual initiatives:** An inspired employee is a highly productive resource to a company and department. Management should take initiation to motivate the employees through rewards.

2-organizational learning: is broadly defined as a learning process within organizations that involves the interaction of individual and collective (group, organizational, and inter-organizational) levels of analysis and leads to achieving organizations' goals.¹⁶

Organizational learning features: we find organizational learning features in the following points:¹⁷

-**improving:** Research on organizational learning has explored a number of alternatives to improve her situation. One is adaptation of the environment, that helps organizations to grow resulting to the friction between different enterprises.

-**Recording:** More recent work on learning has increasingly understood organizational learning as recording of organizational knowledge, the basic idea is that organizations make experiences, draw inferences, and encode the inferences into organizational routines, such as rules, procedures, conventions, technologies, strategies.¹⁸

-**Evolution of Knowledge:** A third notion of learning takes an evolutionary perspective on learning. It is related to the recording of knowledge notion, but differs from it by a broader focus centered on processes which bring about change in organizational knowledge, including processes which change the stock of knowledge, or its characteristics or its distribution over subunits.

3-training: Training is often looked upon as an organized activity for increasing the knowledge and skills of people for a definite purpose. It involves systematic procedures for transferring technical know-how to the employees so as to increase their knowledge and skills for doing specific jobs with proficiency.¹⁹

Objectives of training: The training of personnel has four major objectives:²⁰

-increase knowledge about the special considerations related to systems.

-improve attitudes about the importance of managing human capital, thus improving the environment for change.

-build and strengthen skills in the specific tasks to be completed for efficient functioning of the work.

-improve work behavior, so that people function better at assigned activities and fulfill their potential.

The goal of these objectives is to increase to quality of products and services.

4-occupational safety: Occupational health and safety is an extensive multidisciplinary field, invariably touching on issues related to, among other things, medicine and other scientific fields, law, technology, economics and concerns specific to various industries.²¹

Principles of occupational safety: certain basic principles of occupational safety can be identified, including the following:²²

- work should take place in a safe and healthy working environment;
- conditions of work should be consistent with workers' well-being and human dignity;
- work should offer real possibilities for personal achievement, self-fulfillment and service to society.
- Occupational safety and health policies must be established. Such policies must be implemented at both the national (governmental) and enterprise levels.
- A national system for occupational safety and health must be established. Such a system must include all the mechanisms and elements necessary to build and maintain a preventive safety and health culture.
- A national programme on occupational safety and health must be formulated. Once formulated, it must be implemented, monitored, evaluated and periodically reviewed.
- Social partners (that is, employers and workers) and other stakeholders must be consulted.
- Occupational safety and health programmes and policies must aim at both prevention and protection. Efforts must be focused above all on primary prevention at the workplace level.
- Continuous improvement of occupational safety and health must be promoted. This is necessary to ensure that national laws, regulations and technical standards to prevent occupational injuries, diseases and deaths.
- Health promotion is a central element of occupational health practice. Efforts must be made to enhance workers' physical, mental and social well-being.
- Policies must be enforced. A system of inspection must be in place to secure compliance with occupational safety and health measures and other labour legislation.

-Education and training are vital components of safe, healthy working environments. Workers and employers must be made aware of the importance of establishing safe working procedures and of how to do so.

5-Communication: Communication can be defined as the process of transmitting information and common understanding from one person to another,²³. The definition underscores the fact that unless a common understanding results from the exchange of information, there is no communication.²⁴

Communication basics: to implement communication we must follow these steps:²⁵

Keep Employees Up to Date.

Align Executives and Employees.

Open Lines of Communication.

Open Lines of informations.

6-Motivation: Motivation is the art of getting people to do what you want them to do because they want to do it, and analyzing it in depth, we reach the conclusion that motivation, the power to influence people and their actions is an art that advertises many qualities. Expanding on the above, we may say that not everyone can motivate, but anyone can be motivated in various forms and ways.²⁶

Motivation and human capital: Human resources is used to see how people are motivated by a number of factors related to one another. Motivated people are those who have made a conscious decision to try considerably to achieve something they appreciate. Individuals differ from each other in what is more valuable to them. There are different ways for motivating people, including the fear of job loss, financial prompt, goals for achievement, as well as the objectives for the organization or groups within the organization. It is argued that every employee will require a different purpose, to have a variety of talents in the completion of their task in the organization. The motivation process begins with identifying the needs of the person. Need is a perceived lack that causes a behavior, which aims to remove this felt deprivation. The need may be physiological, psychological or social.²⁷

Managing human capital determine the right way, while workers benefit from this approach because is the “right way” and the wage increases as a result of productivity growth.²⁸

7- Leadership: Leadership is the art of influencing others to their maximum performance to accomplish any task, objective or project.²⁹

Leaders skills: the following 20 skills and perspectives have been identified and defined as following:³⁰

1. Balancing personal life and work: balancing work priorities with personal life so that neither is neglected.
2. Being a quick learner: quickly learning new technical or business knowledge.
3. Building and mending relationships: responding to co-workers and external parties diplomatically.
4. Compassion and sensitivity: showing understanding of human needs.
5. Composure: remaining calm during difficult times.
6. Confronting people: acting resolutely when dealing with problems.
7. Culturally adaptable: adjusting to ethnic/regional expectations regarding Human Resource practices and effective team process.
8. Decisiveness: preferring doing or acting over thinking about the situation.
9. Doing whatever it takes: persevering under adverse conditions.
10. Employee development: coaching and encouraging employees to develop in their career.
11. Inspiring commitment: recognizing and rewarding employees' achievements.
12. Leading people: directing and motivating people.
13. Managing change: using effective strategies to facilitate organizational change.
14. Managing one's career: using professional relationships (such as networking, coaching, and mentoring) to promote one's career.
15. Participative management: involving others (such as listening, communicating, informing) in critical initiatives.
16. Putting people at ease: displaying warmth and using humor appropriately.
17. Resourcefulness: working effectively with top management.
18. Respecting individuals' differences: effectively working with and treating people of varying backgrounds (culture, gender, age, educational background) and perspectives fairly.
19. Self-awareness: recognizing personal limits and strengths.
20. Strategic planning: translating vision into realistic business strategies, including long-term objectives

Conclusion:

In order to ensure a better future for Algeria, different processes must be adopted to manage human capital, at the macro level (education, health, minimum wage, and work), and at the micro level (employee empowerment, organizational learning, training, occupational safety, communication, motivation, and leadership).

These main processes can help to ensure social and economic development of each country. If there is will, commitment and seriousness among all social partners. Whether government, institutions or citizens.

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